



**COUNTY OF LOS ANGELES
Chief Administrative Office
Service Integration Branch**

The Changing CalWORKs Case-Type Composition in the County of Los Angeles, 2002 to 2005

Research and Evaluation Services

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July 2006

Prepared for:

County of Los Angeles Department of Public Social Services

Introduction

It has been almost a decade since the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) ushered in the era of welfare reform at the Federal level, replacing the Aid to Families with Dependent Children (AFDC) program with the Temporary Aid to Needy Families (TANF) program. The State of California complied with TANF by establishing the California Work Opportunity and Responsibility to Kids (CalWORKs) program in 1997. As welfare reform approaches its second decade, one issue with which policymakers will have to grapple is how Welfare-to-Work programs have shaped the composition of welfare caseloads. While a handful of studies have focused on California and examined CalWORKs program features such as five-year time limits and partial-family sanctions, as well as outcomes associated with CalWORKs program participation, few studies have looked at how Welfare-to-Work programs in California have affected the balance of different case types within the welfare caseload. Where caseload impacts have been examined, moreover, the research and analyses have tended to be tangential elements in evaluations attempting to answer other questions.

This research brief examines changes that have occurred in the proportion of case types within the County's overall CalWORKs caseload since 2002, which is a key year because it was the last year before CalWORKs participants began to reach five-year time limits on cash assistance. The primary questions this study addresses are as follows:

- How has the caseload composition in Los Angeles County changed over time?
- How has the internal composition of the CalWORKs child-only population evolved over time?
- What are the entry-exit dynamics shaping and re-shaping the composition of the CalWORKs caseload?

Understanding CalWORKs Case Types

The CalWORKs program provides cash assistance for three different types of welfare participant cases: Two-parent cases, in which the child or children live with both aided parents in the household; one-parent cases, in which the child or children live with a single aided parent in the household; and child-only cases, in which the child or children are aided while the parents/guardians are not aided.¹ CalWORKs cases become child-only cases for any one of the following reasons: The parents are non-citizens of the United States and are therefore ineligible for cash assistance; the parents are Supplemental Security Income/State Supplemental Payment (SSI/SSP) recipients (sometimes referred to as non-needy parents); the parents have reached the five-year

¹ Please note that a one-parent case can be either a single parent household or a two-parent household in which one of the parents is ineligible for CalWORKs aid.

time limit on cash assistance, the children are under the care of non-needy caretaker relatives; or either one parent (in single-parent cases) or both parents (in two-parent cases) are sanctioned for not complying with Welfare-to-Work requirements so that the adult portion of the CalWORKs cash aid is eliminated.²

Los Angeles County versus the Rest of California

In January 2003, the first cohort of CalWORKs adults timed off aid in connection with the five-year time limit on cash assistance that began with the implementation of California's Welfare-to-Work Act (AB 1542) in 1998. Figure 1 collapses one and two-parent cases together into "Aided Adult" cases and compares the proportions of aided and unaided adult cases in the CalWORKs caseload in the County of Los Angeles and the State of California between April 2002 and February 2006³. The figure shows one of the most important impacts of time limits on CalWORKs caseloads: From August 2002 (several months before the first cohorts of adults exhausted their CalWORKs cash aid) to February 2006, the proportion of cases with unaided adults increased steadily in both the County of Los Angeles and the State of California.⁴ Over this four-year period in the State, the percentage of cases with unaided adults rose from 40 percent to 49 percent, while in the County of Los Angeles this percentage increased from 47 percent to 63 percent.⁵ The magnitude of the proportional increase in unaided adult cases has therefore been more pronounced in the County of Los Angeles than in the rest of the State.

However, it should be noted that the proportion of unaided adult cases increased at a higher rate in Los Angeles County relative to the rest of the State because the size of aided adult cases in Los Angeles County declined at a much higher rate. Between

² CalWORKs cases can also become child-only cases if the parents are drug felons or are sanctioned for receiving child support (due to increase in income). RES does not have sufficient data on these types of child-only cases to be able to discuss them in this brief. Please note as well that administrative records also list "other" and "unspecified" as reasons for child-only cases.

³ All State figures exclude Los Angeles County in this section.

⁴ This is not to suggest that time limits are the only reason for the declining proportion of cases with aided adults to cases with unaided adults in CalWORKs. However, time limits have been one of the most important contributing factors to this change over time.

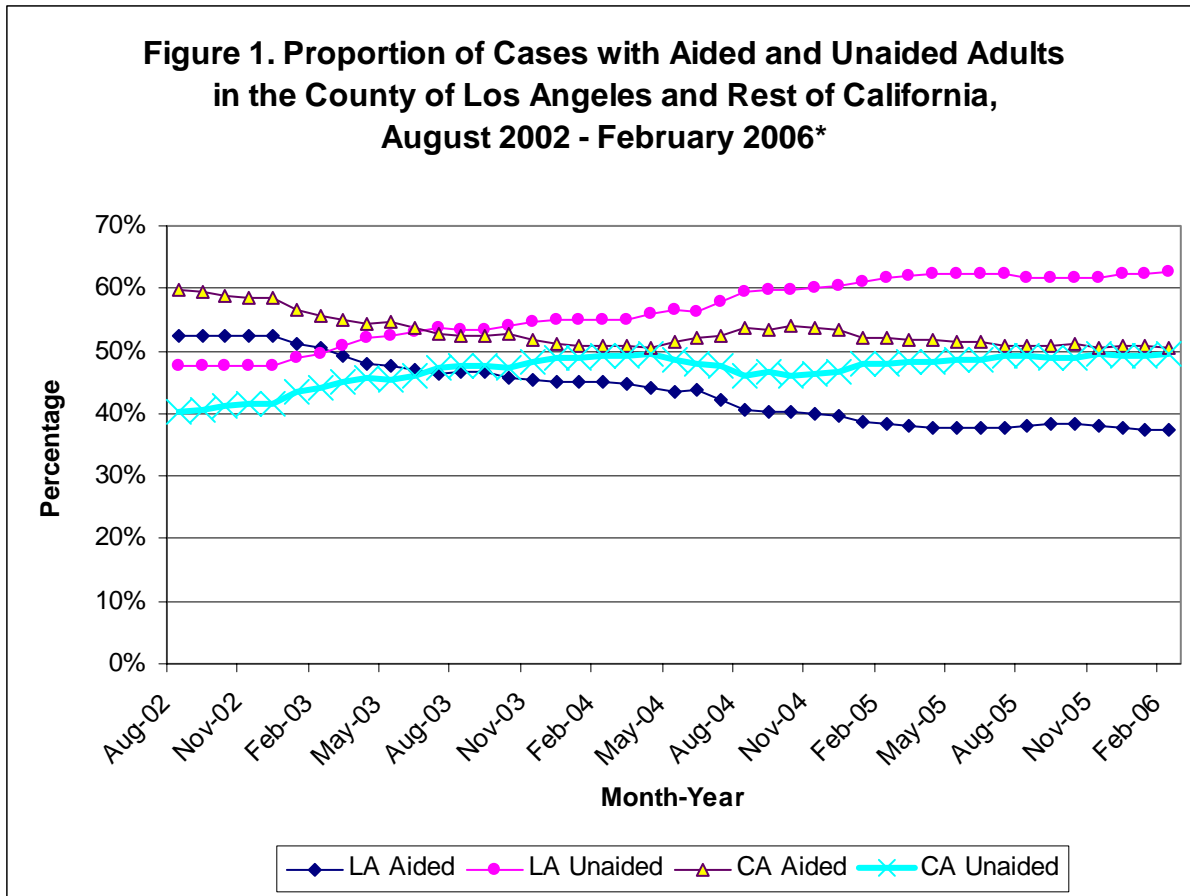
⁵ Cases with aided and unaided adults were measured by collapsing case-type categories given for the state and each county in the monthly California Department of Social Services (CDSS) CalWORKs Cash Grant Movement Report (CA 237 CW). From 2003 onwards, CDSS offers five case-type categories in the sections of these reports that fall under the heading "Cases Receiving Cash Grant": 1) Two-Parent; 2) Zero Parent; 3) All Other; 4) TANF Time-Out; and 5) Safety Net. For the measurements given in this section of the brief, the number of cases with aided adults was derived by collapsing Two-Parent cases, All-Other cases and TANF Time Out cases and deducting the number of cases with sanctioned adults. In two-parent cases, a case is a child only case if both parents are sanctioned. The number of unaided adult cases was derived by collapsing Zero Parent cases, Safety Net cases and Sanctioned cases. It is important to remember here, too, that this brief derives an "Unaided Adult" case type because children in California continue to receive aid after their parents reach their five-year time limit or become ineligible to receive cash assistance for some other reason.

August 2002 and February 2006, while the total caseload dropped by almost 15 percent in the County of Los Angeles (from 184,000 to 157,000), aided adult cases decreased by almost 40 percent (from 97,000 to 59,000).⁶ In the rest of the State, on the other hand, while the total CalWORKs caseload dropped by less than 3 percent, aided adult cases declined by 17 percent. At the same time, while the number of unaided adult cases rose by 13 percent in the County of Los Angeles, the increase was almost 20 percent in the rest of the State. Therefore, even though the number of unaided adult cases grew at a higher rate in the rest of the State, the proportion of these cases rose more quickly in Los Angeles due to rapidly shrinking aided adult cases.

Additional noteworthy findings are seen in looking at Figure 1, which compares trends in aided and unaided adult cases in Los Angeles and the rest of the State. In August 2002, both in the County of Los Angeles and the State at large, the share of aided adult cases was higher by 5 percent in Los Angeles and 20 percent in the State. Since then, this difference has declined and then reversed in the case of the County of Los Angeles. However, the trend is significantly different in the State, where the difference between the proportions of aided and unaided adult cases dropped from 20 percent to approximately 2 percent by January 2004, and then stayed flat at that level for most of the time through February 2006. In the County of Los Angeles, however, the share of unaided adult cases passed the share of aided adults by March 2003, and then continuously increased, exceeding 25 percent by February 2006.

It is beyond the scope of this brief to explore the reasons behind these diverging trends. However, one critical factor is that the growth of timed-out cases has been higher in the County of Los Angeles. By February 2006, the share of safety-net (timed-out) cases was almost 11 percent of the caseload. However, in the rest of the State the share of safety-net cases was merely 5 percent of the overall caseload.

⁶ Caseload numbers are not explicitly shown in Figure 1.



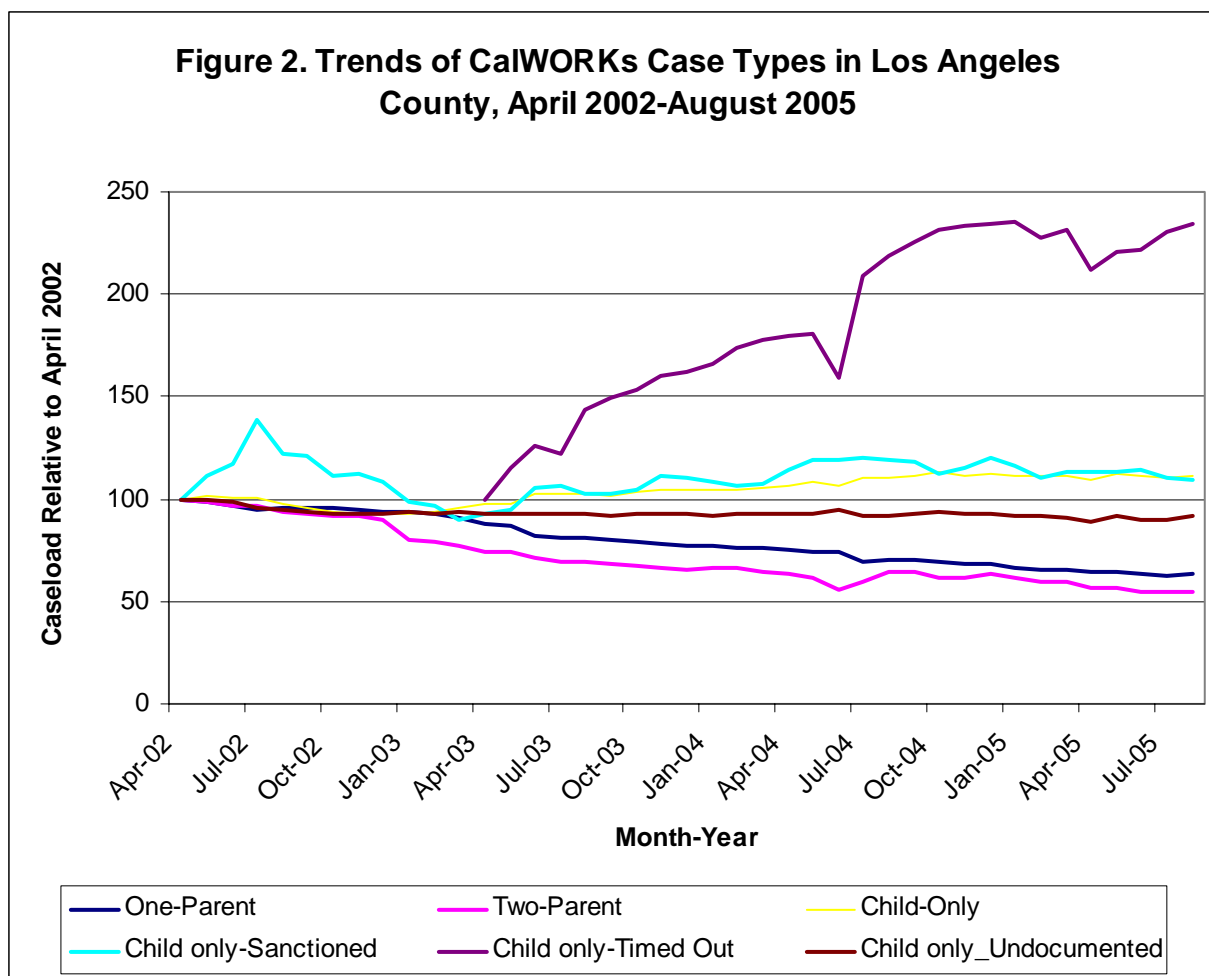
Source: California Department of Social Services (CDSS) CalWORKs Cash Grant Movement Report (CA 237 CW, CalWORKs Welfare-to-Work (all other families) WTW 25 and CalWORKs Welfare-to-Work two-parent families WTW 25A).

* California cases exclude the Los Angeles County cases.

How Has the Caseload Composition in the County of Los Angeles Changed?

Figure 2 provides a more detailed representation of caseload changes for the County of Los Angeles, showing trends for one-parent cases, two-parent cases, and child-only cases between April 2002 and August 2005. The series also illustrates trends for important components of child only cases – i.e. cases with undocumented parent(s), timed-out cases, and sanctioned cases. It is also important to note that Figure 2 shows how all series changed over time relative to their value in April 2002.⁷

⁷ One exception is the timed-out cases where the series is indexed relative to April 2003 level.

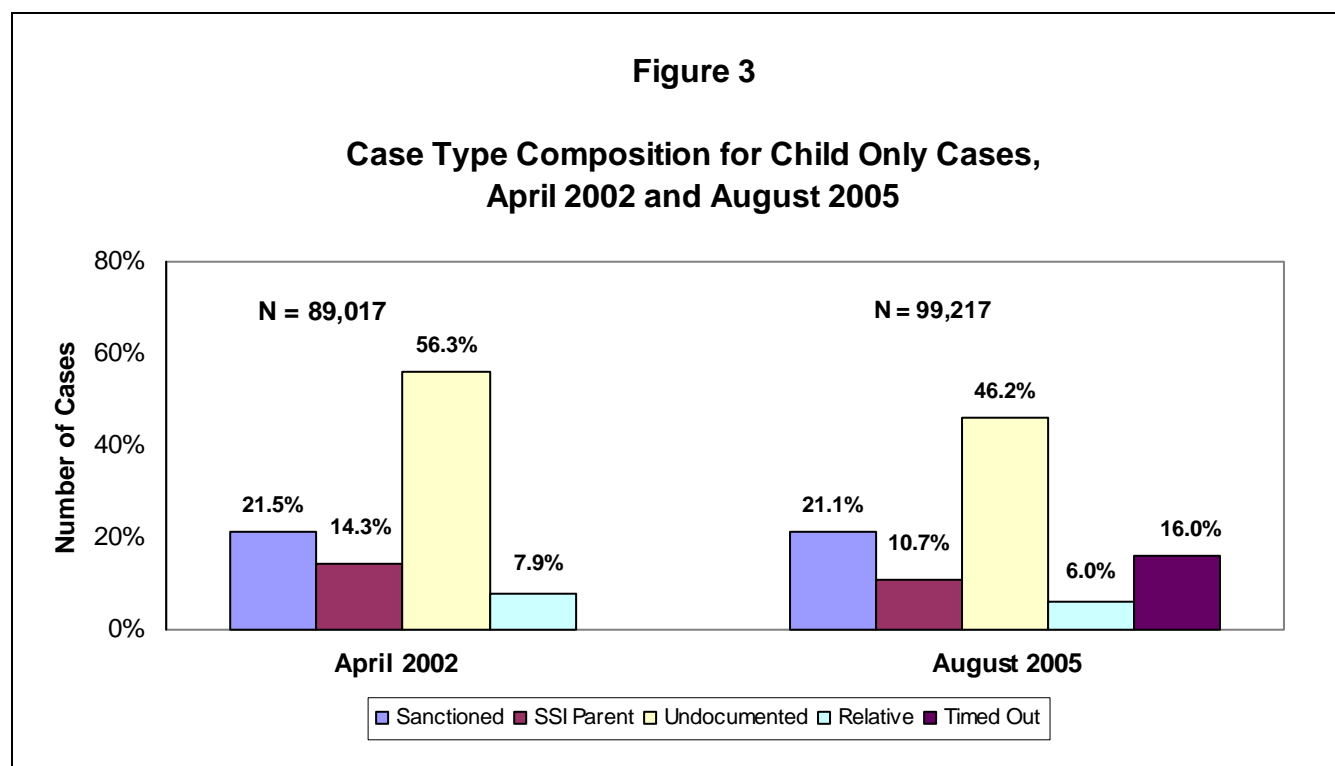


Source: Los Angeles County Department of Public Social Services (DPSS) LEADER data.

Figure 2 illustrates that both one-parent and two-parent cases in the County of Los Angeles subsequently dropped significantly relative to their April 2002 values. By August 2005, one-parent cases declined by a third and two-parent cases dropped by almost half. On the other hand, child-only cases declined until January 2003 but then started to increase with the impact of time limits. The number of child-only cases exceeded its April 2002 value by 11 percent over 3 years. In addition, cases with undocumented parents declined steadily but at a relatively slow pace. By August 2005, the number of cases with undocumented parents had decreased by 9 percent. At the same time, timed-out cases increased continuously at a relatively high rate. In August 2005, the number of timed-out cases was 2.3 times higher than its level in April 2003. Finally, the trend in sanctioned cases was quite erratic. The number of sanctioned cases dropped below its April 2002 level by January 2003 following a sudden surge. Sanctioned cases then increased until mid 2004, exceeding their April 2002 level by 20 percent before decreasing until August 2005, by which time their level was 9 percent higher than their base 2002 level.

How Has the Composition of Child-Only Cases Evolved Over Time?

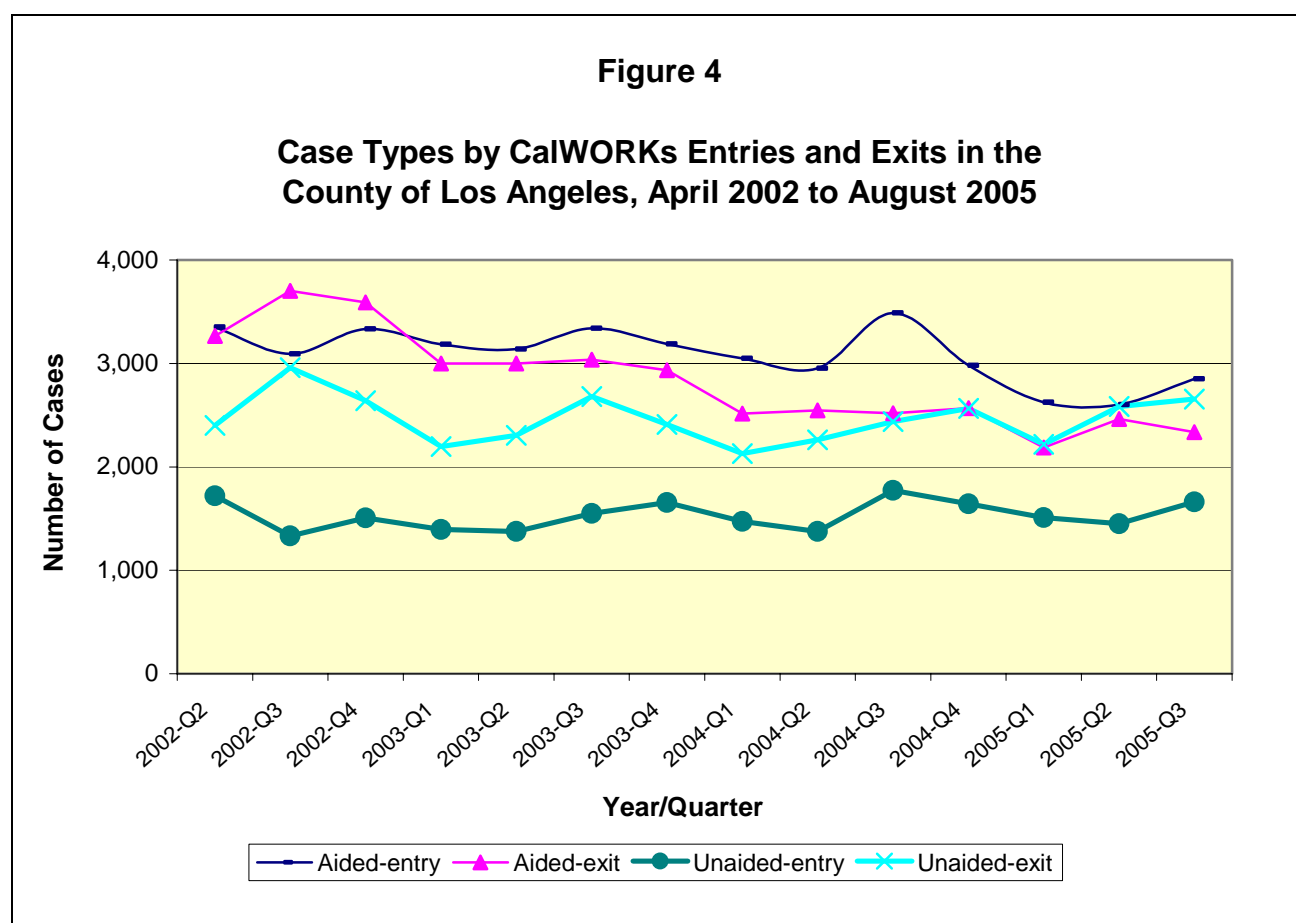
Figure 3 compares the composition of the County's child-only cases for April 2002 and August 2005, the end of the first quarter and the end of the last quarter analyzed for this report respectively. During this period, the number of child-only cases increased by 11 percent (from 89,000 to 99,000). As noted earlier, the figure allows us to infer that time limits are at least one of the factors that have driven the trend towards an increasing proportion of child-only cases. Between April 2002 and August 2005, the proportion of cases that were child-only cases due to sanctions on adults remained constant at roughly 21 percent; the proportion of cases that were child-only cases with non-needy/SSI parents dropped from 14 percent to just under 11 percent; the proportion of child-only cases with adults ineligible for cash assistance due to undocumented immigration status declined sharply from 56 percent to 46 percent; the proportion of child-only cases with children cared for by a relative caretaker dropped from 8 percent to 6 percent. The biggest difference between the two points of measurement is the timed-out category, which was nonexistent in 2002 but comprised 16 percent of child-only cases by August 2005. Figure 3 also confirms that the flow of undocumented immigrants to Los Angeles County did not contribute to the growth in the welfare caseload. Instead, the share of child-only cases with undocumented parents has decreased since 2002.



Source: Los Angeles County Department of Public Social Services (DPSS) LEADER data.

What Are the Entry-Exit Dynamics Shaping the Composition of the CalWORKs Caseload?

Case type trends can be further elaborated through an examination of the dynamics of CalWORKs entries and exits for cases with aided and unaided adults. Figure 4 provides aggregate monthly averages for the cases that entered and exited CalWORKs for each quarter between 2002 and 2005.⁸ The numbers indicate that both entries and exits declined for aided adult cases during these 14 quarters. Trends initiated in 2003, however, made the number of aided adult case entries surpass the number of exits. Over this period the rate of decline in aided adult exits was 29 percent while the decline in aided entries was 15 percent. Consequently, starting at the beginning of 2004, the average monthly net inflow of aided adult entries and exits was close to 500.



Source: Los Angeles County Department of Public Social Services (DPSS) LEADER data.

The dynamics of entering and exiting CalWORKs are quite different for unaided adult cases, where trends held steady between 2002 and 2005. Unaided adult case entries stayed almost constant during this period while unaided adult case exits increased by

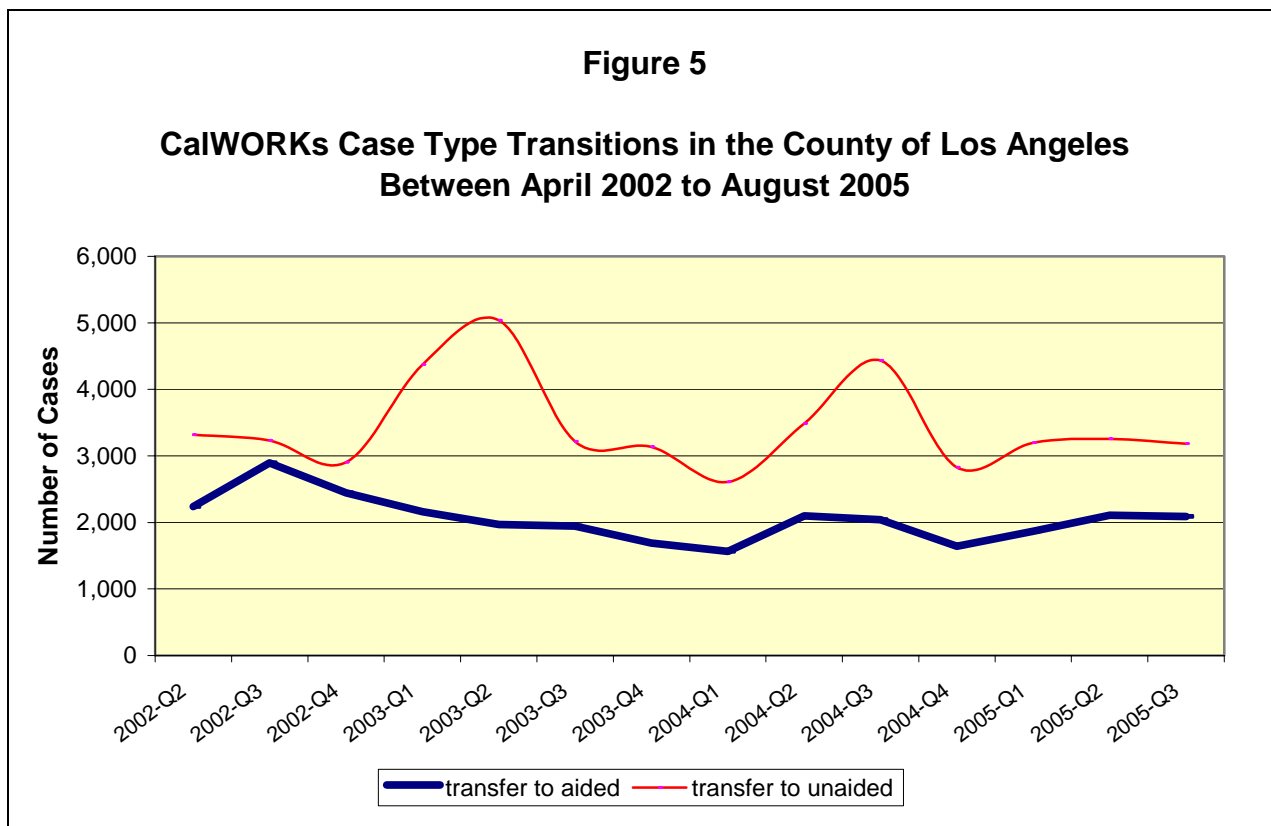
⁸ For case closures a minimum break of two months is required in aid receipt. Hence, those cases that cycled thru the welfare system in a month are not considered as entries and exits.

11 percent. Unaided adult case exits were consistently higher than entries. This resulted in an average monthly net outflow of over 900 unaided adult cases during 2004 and 2005. The data also show that, on average, case entries with aided adults were approximately double that of entries with unaided adults between 2002 and 2005. However, exits in unaided adult cases eventually caught up with exits in aided adult cases by the end of 2004 and passed them in 2005. The main reason for this surge in unaided exits is that exits for timed out cases eventually reached a consistent level of 400 per month. While exits of timed out cases comprised 15 percent of exits in child-only cases, close to one-third of the exits were sanctioned cases. The remaining 55 percent were exits of other child-only cases, particularly those with undocumented parents.

At first glance, these observations would seem to oppose the relative growth in unaided adult cases described earlier in this brief. If the net inflows and outflows for aided and unaided adult cases are simply observed, an increase in the share of aided adult cases over time would be expected. However, the apparent contradiction can be explained by looking at case type transitions, or case movements between aided adult and unaided adult status.⁹

Figure 5 shows that transitions from unaided to aided status were quite steady at 2,000 per month between 2002 and 2005. Almost three quarters of these transitions were cases that cured sanctions. The transitions to unaided adult cases over this period show two peaks that are both attributed to surges in timed-out cases. The first wave of timed-out cases started in 2003. Figure 5 shows a sudden increase in the volume of timed-out cases during the first half of 2003, followed by another large group of cases that timed-out during the third quarter of 2004. Since then, the flow of cases that have been timing out from CalWORKs have remained steady at approximately 400 to 600 cases per quarter. Almost 60 percent of these transitions were sanctioned cases meaning that sanctions also contribute substantially to the relative growth in child-only cases, even though the number and share of these cases declined during the last four quarters of the study period.

⁹ Only cases with a minimum change of two months are counted as case-type transitions, except in sanctioned cases, where one month in sanctioned status is counted as a sanctioned case.



Source: Los Angeles County Department of Public Social Services (DPSS) LEADER data.

Overall, transitions from aided adult to unaided adult cases remained larger than the transitions from unaided adult cases to aided adult cases between 2002 and 2005. The average monthly difference was almost 1,400 over this period. When the net flows of entries, exits and case type transitions are added, an average net outflow of over 1,000 cases for aided adult cases is observed. On the other hand, the average monthly inflow for unaided adult cases is close to 500. Consistent with what has been shown in previous sections of this brief, unaided adult cases have been steadily growing relative to cases with aided adults.

Conclusion

Welfare reform has sought to promote self-sufficiency through the implementation of policies designed to facilitate the transition from welfare dependency to labor market participation. In California, these policies have re-shaped the composition of the state's CalWORKs caseload, increasing the proportion of unaided adult cases by almost 10 percent between 2002 and 2006. Observed separately from the State, moreover, the magnitude of this transformation in the County of Los Angeles has been considerably more pronounced. The data indicates that almost two-thirds of the County's CalWORKs caseload consisted of child-only cases by February 2006. Although there are more entries relative to exits for aided adult cases, transitions from aided to unaided adult cases have been leading to a growing share of child only cases over time.

While a number of different features of welfare reform account for this change in the balance of CalWORKs case types, the analysis conducted for this brief indicates that, at least in the County of Los Angeles, the 60-month time limit on cash assistance, more than any other welfare reform program feature, is responsible for transforming the CalWORKs caseload over time. In April 2002, the “timed-out” category was nonexistent; by August 2005, timed-out cases comprised 16 percent of the child-only cases within the County’s CalWORKs population. The data also confirm that sanction policies did not contribute to the growing share of child-only cases. Finally, the brief reveals that child-only cases with undocumented parents dropped recently.

The changes examined in this brief – particularly the growing proportion of child-only cases in the County of Los Angeles - suggest that DPSS should place increasing focus on the services provided to children in CalWORKs households. This is particularly critical for timed-out families, since families reaching their time limits tend to stay in welfare in large numbers in order to continue receiving aid and services for their children.

Policymakers should also closely examine what the growing proportion of child-only cases means in terms household incomes. Have incomes dropped significantly as adults have either timed off aid or become otherwise ineligible for cash assistance? Or, alternatively, do timed-out adults tend to make successful transitions to the labor market, thereby replacing welfare assistance with earnings derived through work and employment? Put somewhat differently, is there evidence to suggest that adults *and* children tend to live on the child portion of the cash grant in cases where only children are aided? If so, the growth in child-only cases could potentially represent a simultaneous decline in household income for CalWORKs families. Furthermore, since time limits have been shown to be closely linked with the growing proportion of child-only cases, policymakers should consider whether CalWORKs has sufficient mechanisms in place to ease the transition for families moving from aided adult status to child-only status. Such mechanisms can additionally assist DPSS to negotiate the changing balance of case types within the County of Los Angeles’ welfare population.